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Mexico

Product Brief

Planting Seeds

2003

Approved by:

Bruce Zanin
ATO Mexico City

Prepared by:

Alfredo Gayou - Pablo Orozco

Report Highlights:

The Mexican export market for planting seeds is expected to remain attractive for U.S. producers. Local production is limited because of high costs; domestic consumption relies heavily on imports. The United States has more than a 70 percent share of the import market, with grass, vegetable and field crop seeds benefiting from increased demand in the last few years. Planting seeds' average annual sales increases of more than 80 percent from 1999 to 2002 indicate that domestic demand will continue to rise.

Includes PSD Changes: No
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SECTION I. MARKET OVERVIEW

The Mexican import market for planting seeds is expected to remain attractive for U.S. producers. Local production is limited because of high costs; domestic consumption relies heavily on imports. The United States has more than a 70 percent share of the import market, with grass, vegetable and field crop seeds benefiting from increased demand in the last few years. Planting seeds' average annual sales increases of more than 80 percent from 1999 to 2002 indicate that domestic demand will continue to rise.

Advantages	Challenges
Mexican consumers like American products; they recognize most U.S. brands and associate U.S. products with high quality and value.	Mexican distribution channels for planting seeds are not fully developed and very few companies have national coverage.
Local production is limited because of high production costs: the Mexican market relies heavily on imports.	Most planting seed distribution is done on a regional basis by companies who can assist their clients with technical support and are geographically close.
U.S. seed exports to Mexico benefit from the seed and variety regulations that lower restrictions on seed trade.	Concerns about the use of biotechnology in seed production continue to receive wide coverage in the Mexican media
Phytosanitary regulations for importation of seeds have improved access to the Mexican seed market.	

SECTION II. MARKET SECTOR OPPORTUNITIES AND CHALLENGES

a. Domestic Production

Mexican production of planting seeds decreased from \$39.3 million in 1999 to \$23.9 million in 2000, later increased to an estimated \$25.3 million in 2001 and fell back to \$21.1 million in 2002. In terms of volume, Mexican production of planting seeds also decreased from 14,312 tons in 1999 to 6,891 tons in 2000, rose to an estimated 9,993 tons in 2001 and fell to 8,327 tons in 2002.

Seeds produced locally: broccoli, cantaloupe, cauliflower, celery, chili pepper, coriander, corn, cucumber, eggplant, flowers, jicama, potato, red tomato, rice, pumpkin, squash and watermelon. The most important seeds by value are watermelon, broccoli and jicama.

Table 1: Mexican Production of Planting seeds, 1999-2002

(U.S. Million Dollars; Tons)								
1999		2000		2001		2002*		
U.S.\$	Tons	U.S.\$	Tons	U.S.\$	Tons	U.S.\$	Tons	
Production	39.3	14,312	23.9	6,891	25.3	9,993	21.08	8,327

Source: Anuario Estadístico de la Producción Agrícola de los Estados Unidos Mexicanos, SAGAR (Yearbook of Mexican Agricultural Production 1999-2001, SAGAR). *Estimated

High production costs make it more sensible to import seed rather than to produce it domestically. Cultivated acreage dedicated to the production of seeds in Mexico decreased in the 1999-2002 period. Drops in production were also caused by weather problems derived from El Niño and drought conditions; however, according to industry sources, despite of a decrease in cultivated land, value will see an increase due to the impending liquidation of the Productora Nacional de Semillas (PRONASE, a government-run seed company), which has not produced planting seeds in two years and is liquidating its seed inventory.¹

¹ From Planting Seeds Annual Report 2003(MX3093).

Table 2: Cultivated Land for Planting Seeds in Mexico, 1999-2002 (Hectares) ²

1999	55,274
2000	55,873
2001	53,371
2002*	52,465

Source: Anuario Estadístico de la Producción Agrícola de los Estados Unidos Mexicanos, SAGAR (Yearbook of Mexican Agricultural Production 1999-2001, SAGAR). *Estimated

b. Imports and Foreign Competition

Total Mexican imports of planting seeds decreased from \$136.3 million in 1999 to \$121.0 million in 2000 and then increased to \$146.6 million in 2001 and to \$164.3 in 2002. In terms of tonnage, imports were 36.8 thousand tons in 1999, 34.7 thousand tons in 2000, 57.6 thousand tons in 2001 and 55.9 thousand tons in 2002.

Table 3: Mexican Imports of Planting seeds, 1999-2002

(U.S. Million Dollars; Tons)

Products	1999		2000		2001		2002*	
	\$	Tons	\$	Tons	\$	Tons	\$	Tons
Soybeans broken/not broken, for sowing 1201.0001	0.6	1,519	0.6	711	2.2	5,866	0.8	2,170
Peanuts, shelled, for sowing 1202.1001	0.8	532	1.4	971	1.0	654	0.9	555
Sunflower seeds sowing 1206.0099	0.1	10,718	0	21,780	6.5	17,077	5.4	14,121
Cotton seeds for sowing 1207.2002	0	0	0	0	0	0	0	0
Safflower seeds, for sowing 1207.6001	0	0	0	0	0.1	86	0.2	157
Seeds, fruits and spores for sowing 1209.	134.8	34,751	119.0	32,965	136.8	33,918	157.1	38,938
Sugar beet seed 1209.11-.19	0	9	0.1	17	0.1	11	0.1	12
Grass seeds 1209.21-1209.26	15.0	4,723	12.3	4,617	10.5	3,206	11	3,358
Other grass seeds 1209.29	31.0	28,400	26.9	27,057	33.6	32,971	38.9	38,129
Seeds of herbaceous plants cultivated principally for their flowers 1209.30	1.1	23	0.9	8	0.4	2	0.9	4
Vegetable seeds 1209.91	71.6	1,596	66.6	1,157	81.8	916	91.9	1,029
Other seeds 1209.99	16.1	204	12.2	109	10.4	26	7.5	18
Total	136.3	36,818	121.0	34,668	146.6	57,601	164.3	55,944

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade), Ssecretaria de Economía (Secretariat of Economy). * Estimated

U.S. Exports to Mexico

U.S. exports of planting seeds to Mexico decreased from \$106.7 million in 1999 to \$96 million in 2000 and increased to \$115.7 million in 2001 and to \$120.6 million in 2002. In terms of volume, sales of U.S. planting seeds to Mexico also decreased from 34.9 thousand tons in 1999, to 32.4 thousand tons in 2000 and increased to 54.6 thousand tons in 2001 and to 64.5 thousand tons in 2002. Primarily, the grass, vegetable and field crop seeds have enjoyed increased demand.

² One hectare equals 2.471 acres; includes both irrigated and non-irrigated land.

Table 4: Mexican Imports of U.S. Planting Seeds, 1999-2002

PRODUCTS	(U.S. Million Dollars; Tons)							
	1999		2000		2001		2002*	
	\$	Tons	\$	Tons	\$	Tons	\$	Tons
Soybeans broken/not broken, for sowing 1201.0001	0.2	994	0.1	57	1.6	5,137	0.3	892
Peanuts shelled, for sowing 1202.1001	0.8	532	1.4	971	1.0	654	0.9	556
Sunflower seeds sowing 1206.0099	0.1	16	0	21	18.7	12,974	4.1	2,813
Cotton seeds for sowing 1207.2002	0	37	0	11	0.1	86	0	0
Safflower seeds, for sowing 1207.6001	0.1	16	0	21	0	0	0.2	29
Seeds, fruits and spores for sowing 1209	105.5	33,163	94.5	31,347	94.3	35,748	115.2	43,681
Sugar beet seed 1209.11-1209.19	0.4	9	0.7	11	0.1	10	0.1	10
Sugar beet seed 1209.1101	0.4	6	0.7	10	0.1	10	0.1	10
Sugar beet seed except sugar 1209.1999	0	3	0	1	0	0	0	0
Fodder seeds 1209.21-.26	14.1	3,564	11.1	4,359	10.4	3244	10.2	3,187
Alfalfa seeds 1209.2101	13	3,326	10	2,983	10.0	3,055	0.1	37
Clover seeds 1209.2201	0.1	40	0.1	20	0.1	21	0.2	48
Fescue seeds 1209.2301	0.2	94	0.2	97	0.3	156	0.1	26
Kentucky blue grass seed 1209.2401	0	7	0	0	0	12	0	0
Rye grass seed 1209.2601	0.8	97	0.8	1,259	0	0	31.5	49,611
Other grass seeds 1209.29	26.6	28,425	22.0	25,987	28.2	31,626	31.5	35,354
English grass 1209.2901	0	0	0	0	0	0	0	0
Grass seeds for grazing land or meadows 1209.2902	2.4	2,370	2.0	2,250	2.0	1,610	2.4	1,926
Sorghum sowing seeds 1209.2903	23.9	24,952	19.7	23,270	25.6	29,277	28.7	32,833
Other grass seeds 1209.2999	0.2	195	0.3	468	0.6	739	0.4	483
Seeds of herbaceous plants cultivated principally for their flowers 1209.3001	0.8	22	0.7	6	0.3	1	0.7	2
Vegetable seeds 1209.91	50.9	1,079	50.0	904	47.3	821	61.1	1,061
Onion seeds 1209.9101	9.5	169	8.4	155	8.8	150	11.5	197
Tomato seeds 1209.9102	9.1	15	8.5	12	9.2	10	13.6	15
Carrot seeds 1209.9103	2.5	137	2.0	103	2.2	88	2.6	104
Radish seeds 1209.9104	1.5	199	1.5	159	1.8	193	2.1	226
Spinach seeds 1209.9105	0.3	32	0.5	38	0.7	52	0.8	57
Broccoli seeds 1209.9106	4.6	18	2.7	10	3.6	13	4.1	15
Squash seeds 1209.9107	3.6	206	3.4	193	3.3	135	4	164
Cabbage seeds 1209.9108	0.5	5	0.6	6	0.6	6	0.7	7
Cauliflower seeds 1209.9109	0.6	2	0.5	2	0.8	1	0.8	1
Asparagus seeds 1209.9110	0.2	1	0.4	1	0	0	0.1	0
Pepper seeds 1209.9111	12.4	33	15.0	28	10.4	30	10.8	31
Lettuce seeds 1209.9112	1.0	36	0.8	19	0.9	20	1.1	24
Cucumber seeds 1209.9113	6.0	62	4.8	45	4.1	36	5.5	49

Eggplant seeds 1209.9114	0.1	0	0	0	0	0	0	0
Other veg. sowing seeds 12099199	1.1	164	1.0	133	0.9	87	3.4	329
Other sowing seeds 1209.99	12.7	64	10.0	80	8	46	10.1	58
Cantaloupe seed 1209.9901	5.8	27	4.1	23	3.1	14	3.4	15
Watermelon seed 1209.9902	6.5	26	5.5	37	4.6	23	6.3	31
Gerbera seed 1209.9903	0	0	0	0	0	0	0	0
Statice seed 1209.9904	0	0	0	0	0	0	0	0
Other seed 1209.9999	0.4	7	0.4	20	0.3	9	0.4	12
Total Sowing Seeds	106.7	34,864	96.0	32,408	115.7	54,599	120.6	64,544

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade), Ssecretaria de Economía (Secretariat of Economy). * Estimated

U.S. suppliers represented in the Mexican market include:

Abi Alfalfa Inc. (alfalfa)
 Barenbrug USA Inc. (grass)
 Bejo Seeds Inc. (vegetable),
 Cal/West Seeds (sorghum fodder and alfalfa)
 Cebeco International Seeds Inc. (grass)
 Celpril (alfalfa seeds and treatment),
 Crosbytown Seeds Co. Inc.
 Lone Star Seed Co. Inc (corn, alfalfa, sunflower, vegetables, grass and flower)
 Garrison & Townsend Inc. (sorghum, grain, fodder)
 Sakata Seed America Inc. (vegetables and flowers)
 Seeds West Inc. (sorghum fodder, alfalfa and grass)
 Vilmorin Inc. (vegetables)

Foreign competitors

Official Mexican import statistics listed more than 60 countries as exporting planting seeds to Mexico during the 1999-2002 period. Principal supplier countries include China, Brazil, France and Canada. U.S. products dominate the market, representing 78.3 percent of Mexican imports in 1999, 79.3 percent in 2000, 78.9 percent in 2001 and 73.4 percent in 2002. Imports from the U.S. and these countries are exempt from import duties.

Table 5: Imports of Planting Seeds by Principal Supplier Countries, 1999-2002
 (U.S. Million Dollars and Percentage)

	1999	2000	2001	2002*
Total Mexican Imports of Planting Seeds	136.3	121.0	146.6	164.3
Imports from the U.S.	106.7	96.0	115.7	120.6
Imports from China	4.6	4.2	16.2	9.2
China % Market Share	3.4	3.5	11.1	5.6
Imports from Brazil	4.5	4.4	4.6	7.3
Brazil % Market Share	3.3	3.6	3.1	4.4
Imports from France	3.2	3.0	2.9	1.3
France % Market Share	2.3	2.5	2.0	0.8
Imports from Canada	1.7	1.5	1.8	1.3
Canada % market Share	1.2	1.2	1.2	0.8
Imports from Other Countries	15.6	11.9	5.4	24
Other Countries % Mkt. Share	11.5	9.9	3.7	14.6

Source: Banco Nacional de Comercio Exterior-BANCOMEXT (National Bank of Foreign Trade). *Estimated

c. Domestic Consumption

Mexican consumption of imported planting seeds increased from \$175.6 million in 1999 to \$185.1 million in 2002. Mexican imports from the U.S. covered 60.8 and 65.1 percent of domestic consumption in 1999 and 2002, respectively.

Table 6: Mexican Consumption of Planting Seeds 1999-2002

(U.S. Million Dollars)

	1999	2000	2001	2002*
Production (1)	39.3	23.9	25.3	21.08
Total Imports (2)	136.3	121.0	146.6	164.3
U.S. Exports	106.7	96	115.7	120.59
Consumption	175.6	144.9	171.9	185.35
Imports as % of consumption	77.6	83.5	85.3	88.6
U.S. exports as % of consumption	60.8	66.3	67.3	65.1

Sources: (1) : Anuario Estadístico de la Producción Agrícola de los Estados Unidos Mexicanos, SAGAR (Yearbook of Mexican Agricultural Production 1999-2001, SAGARPA); (2) & (3) National Bank of Foreign Trade-BANCOMEXT . *Estimated

d. Market Structure

Most planting seeds are imported and distributed by large companies, some of which are U.S.-owned. Mexican distribution channels are not fully developed and very few companies have national coverage; most seed distribution is done on a regional basis by companies who can assist their clients with technical support and are geographically close. Seed companies sell to dealers, and these in turn sell to farmers. Retailers, including the large supermarkets, buy very little direct. Instead, they prefer to buy from the Mexican seed companies, or, if the volume is small, from local dealers. Generally, those companies that do have national coverage are the representatives of large multinationals such as Monsanto, Pioneer, Columbus, etc.³

There are several local planting seed producer, distributor and general supplier' trade associations. One of the leading is the Mexican Seed Association, located in Mexico City, with a membership of about 60 firms. This association has internationalized and includes the Texas Seed Trade Association of Brenham, Texas as an affiliated member.

SECTION III. ENTRY STRATEGY

a. Business Culture

The best way to understand the Mexican market is visiting the country and talking to buyers, retailers, distributors and other players in order to prepare a more effective entry strategy. U.S. exporters must do their research not only in terms of typical market research, but also finding appropriate business contacts and thoroughly reviewing Mexican import regulations in order to successfully seize market opportunities and overcome market challenges. An affordable way to investigate the market is to participate in and/or attend Mexican trade shows. A show can serve as a way to contact local distributors/sales agents and buyers, and to become familiarized with local competition.

Several important points should be recognized in order to have success in the market:

- *Business is generally conducted in Spanish.* Though many educated Mexicans speak English, many professional business people (potential key contacts) do not. Assume business and communication will be conducted in Spanish and have a translator, or better yet, a person working for you that speaks Spanish.
- *Personal face-to-face communication is critical.* Personal contact with buyers is essential to initiate business relations in Mexico; a fax or an email is not considered reliable or appropriate for initial communication and will often be completely ignored. A business that is serious about sales will need to visit the market in person to explore the opportunities for their product and develop personal contacts. Follow-up

³ From Planting Seeds Annual Report 2003(MX3093).

by email or fax is appropriate, but having an in-country representative and/or making periodic personal visits is also important.

- *Importers/distributors are a key component to export sales in Mexico.* Finding a good importer/distributor in Mexico is a critical part of success in exporting to Mexico. A good distributor should promote sales and make sure that the imported products are available at points of sale. Importers/distributors serve as a link to buyers and in-country representatives, have the expertise to handle complicated regulations and can trouble-shoot problems that imports can face at the border. Avoiding these key links in the distribution process to save money will almost always result in a loss of resources.

b. Trade Services Available and Events

U.S. firms should consider using a variety of marketing tools to effectively distribute their products in Mexico. These promotional activities could include:

- Participating in trade shows,
- Advertising in specialized media,
- Preparing brochures and promotional materials in Spanish,
- Obtaining a local sales representative, and
- Hosting technical seminars to inform end users, distributors and retailers of new technologies, innovations and product advantages.

The Agricultural Trade Offices in Mexico, Mexico City and Monterrey, provide services to help you access the market. In addition to sponsoring U.S. Pavilions the office can provide information about local distributors and contacts, and can arrange services from a contractor who can set up individual in-country meetings for you for a fee. These contractors, referred to as Ag Aides, can provide a link to distributors and retailers of planting seeds in Mexico. For more information on available services, or to connect with our Ag Aides, please contact our office in Mexico City or Monterrey (see contact information in Section V).

Trade Events

AFIA Agro de las Americas 2004

When: March 1-5, 2004

Where: Expo-Guadalajara Convention Center, Guadalajara, Mexico

Contact: Patricia Jasso

Tel/fax: (011-52533) 616-3118

Email: afia-agro99@micronet.com.mx. **Internet:** www.afia-agro.com

Show Type: The leading trade event specifically promoting planting seeds, ingredients and related agricultural and livestock products in Mexico and Central America.

Trade Publications:

There are several trade magazines related to seeds and agricultural topics; the leading publications are:

- **"Agro-Sintesis,"** published monthly by Agrosintesis; Tel: (011-5255) 5669-3125; contact: Ing. F. Gonzalez Iñigo; "2000 Agro," published quarterly by Publicaciones Sayrols, S.A., Tel & Fax: (011-5255) 5660-3533, E-mail: teorema@adf1.telmex.net.mx; contact: Wendy Coss.
- **"Enlace,"** published monthly by ASIA, Tel: (011-5255) 5610-2533 Fax: (011-5255) 5549-2483; contact: Marcel Morales.
- **"CPM,"** published bi-monthly by United Agri Products www.crop-net.com; contact: Jeffry Powell.

SECTION IV. IMPORT REQUIREMENTS ⁴**a. Tariffs and Taxes**

All import tariffs for planting seeds have reached zero as of January 1, 2003: ⁵

Soybeans whether or not broken, for sowing	1201.0001
Peanuts shelled, for sowing	1202.1001
Sunflower seeds sowing,	1206.0099
Cotton seeds for sowing	1207.2002
Safflower seeds, for sowing	1207.6001
Sugar beet seed	1209.1101
Other sugar beet seeds	1209.1999
Alfalfa seeds	1209.2101
Clover seeds	1209.2201
Fescue seeds	1209.2301
Kentucky blue grass seed	1209.2401
Rye grass seed	1209.2601
English grass	1209.2901
Grass seeds for grazing land or meadows	1209.2902
Sorghum sowing seeds	1209.2903
Other fodder seeds	1209.2999
Seeds of herbaceous plants cultivated principally for their flowers	1209.3001
Onions seeds	1209.9101
Tomato seeds	1209.9102
Carrot seeds	1209.9103
Radish seeds	1209.9104
Spinach seeds	1209.9105
Broccoli seeds	1209.9106
Pumpkin seeds	1209.9107
Cabbage seeds	1209.9108
Cauliflower seeds	1209.9109
Asparagus seeds	1209.9110
Pepper seeds	1209.9111
Lettuce seeds	1209.9112
Cucumber seeds	1209.9113
Eggplant seeds	1209.9114
Cantaloupe seed	1209.9901
Watermelon seed	1209.9902
Gerbera seed	1209.9903
Statice seed	1209.9904
Other seed	1209.9999

Mexico has a 15 percent value-added tax (VAT, or IVA in Spanish). Mexican Customs collects the VAT on foreign transactions upon entry of the merchandise into the country. Customs brokers use the total figure to calculate their fees, which are usually 0.5 percent, on average, plus any storage and handling fees.

b. Import and Health Certificates and Non-Tariff Requirements

Despite press propaganda by anti-GMO, non-governmental organizations, and consumer campaigns against biotechnologically enhanced foods and crops, biotechnology will continue

⁴ For a detailed study of Mexican Regulations for Exporting/Border Crossing, the Mexico Exporter Guide and Guide to Service Providers in Mexico see reports MX1205, MX2137 and MX2121 on FAS-USDA site: <http://www.fas.usda.gov/scripts/attacherep/default.asp>.

⁵ For a full report see Mexico's NAFTA Tariff Schedule 2003, MX3011.

to drive the Mexican seed market in the future. The evolving regulatory environment for biotech seed and their crops will affect variety approval and marketing prospects, and U.S. exporters should keep abreast of Mexican regulatory developments. As consumer choice expands, consumer education about variety characteristics will also play an important role in marketing seed. U.S. exports of seeds to Mexico continue to benefit from seed and variety laws. The seed law has lowered restrictions on seed trade while the variety law has given plant breeders more protection in Mexico.⁶

The certification of seeds has been a delicate subject during the last two years since the Mexican Government has been active in controlling entry of certain genetic and cloning material. Under NAFTA, Mexican imports of planting seeds do not require special import permits; however, all seeds sold in Mexico, whether locally produced or imported, must be of a registered variety. The registered seeds are those that are produced from basic seeds, have a specific purity grade and maintain their genetic identity. Only seed that have gone through Mexico's established grading system may be sold by variety name, limiting access to the seed market to maintain attractive price levels. Registration is to be done with the National Inspection and Certification Service for Seeds-SNICS. This registration procedure was published in the Official Gazette, July 15, 1991(Production, Certification and Trade law).

The basic Mexican import document is the Pedimento de Importación (customs entry document), which should be presented to Mexican Customs together with the commercial invoice in Spanish, a bill of lading and the Sanitary Import Notice. Products qualifying as "North American" must use the NAFTA certificate of origin to receive preferential treatment. This form is available from the U.S. Customs Service, freight forwarders, local U.S. Chambers or State Departments of Agriculture, and does not have to be validated or formalized. Mexican Customs Law is very strict regarding proper submission and preparation of customs documentation. Errors in paperwork can result in fines and even confiscation of merchandise as contraband. Exporters are advised to employ competent, reputable Mexican importers or custom brokers.

c. Labeling ⁷

Mexico's requires that domestic seed sales or imports conform to prescribed standards and meet marking, labeling and packaging requirements. Labeling is subject to a national regulatory requirement termed a "NOM." The principal NOM for planting seed labeling, both from local production and foreign sources, is NOM-051-SCFI-1994. At a minimum, a label must be affixed to each package of the imported product prior to entering the country. All the information on the label must be in Spanish and must include the following data:

- | | |
|---|--|
| -Country of origin
(i.e., Producto de EE.UU.) | -Ingredients |
| -Importer's name, address
and RFC number (taxation number) | -Producer's name and address |
| -Commercial/brand name | -Product description in Spanish |
| -Exporter's name and address | -Preparation and handling instructions |
| -Product description in English | -Date of expiration |
| | -Special warnings |
| | -Net weight in metric units |

⁶ From Planting Seeds Annual Report 2003(MX3093).

⁷ For additional information on labeling NOMS, interested exporters can see Labeling Regulations report MX1223 on FAS-USDA site: <http://www.fas.usda.gov/scripts/attachrep/default.asp>; or they can directly review NOMS: 002-SCFI (Prepackaged products; net content; tolerances and verification methods), 008-SCFI (General system of measurement units) and 030-SCFI (Commercial information-quantity statements and specifications in labels) in the Ministry of Economy's Internet site: <http://www.economia-noms.gob.mx>.

d. Cargo Unloading, Transport and Storage Fees

Cargo unloading fees vary depending on the weight, number of pieces, type of merchandise and location. These fees are usually charged according to pre-established tables. However, whenever possible, shippers should compare prices between service providers. In general, cargo-unloading fees in Mexico are slightly higher than those in the United States for comparable services.

Trucks are the most reliable method of delivery within Mexico, accounting for approximately 60 percent of cargo volume. Trucking companies cannot bring merchandise directly from the United States to Mexico. A U.S. trucking company drives the shipment to the border and transfers its trailer to a Mexican rig. The best way to ship by truck is to use an internationally bonded carrier that has relationships with Mexican carriers. Mexican trucking companies generally determine their fees by mileage or distance, weight and type of merchandise. Practically all transport companies/freight forwarders offer a basic insurance plan which covers transport and handling of cargo. When selecting a transporter it is recommended to check their claim history and complaints they might have received. While shippers will find that truck transportation is more expensive than "Container in Flat Car" (COFC) or "Trailer Flat Car" (TOFC), in general, transport fees are lower in Mexico by as much as 10 percent.

Warehousing costs vary depending on the space required and any specific product needs. Warehousing fees follow general market trends of supply and demand; however, it is advisable to compare prices, facilities and reputation, and negotiate before contracting. Average warehouse rental fees in Mexico City are around \$3.60 m2, per month; \$3.00 in the Guadalajara area and approximately \$3.20 per m2 in Monterrey and surrounding areas. In bond storage facilities are a popular storage method used by exporters by which duties are paid on the items stored until they are released from the facility for distribution in the market. Any merchandise placed in a warehouse should be insured. A basic insurance policy can be secured from the warehouse administrator or a more comprehensive policy from a private insurance company.

SECTION V. KEY CONTACTS AND FURTHER INFORMATION**U.S. Agricultural Trade Office, Mexico City, Mexico**

Bruce Zanin, Director
Jaime Balmes No. 8-201
Col. Los Morales Polanco
11510 Mexico, DF
Tel: (011-5255) 5280-5291
Fax: (011-5255)-5281-6093
E-mail: atomexico@usda.gov
<http://www.fas-la.com/mexico>

U.S. Agricultural Trade Office, Monterrey, Mexico

Dan Martinez, Director
Oficinas en el Parque Torrell
Blvd. Díaz Ordaz No. 140, Piso 7
Col. Santa María
64650 Monterrey, Nuevo León
Tel: (011-5281) 8333-5289
Fax: (011-5281) 8333-1248
E-mail: atomonterrey@usda.gov

American Soybean Association (Asociación Americana de Soya)

Jaime Balmes No. 8-201
Col. Los Morales Polanco
11510 Mexico, D.F.

Tel: (011-5255) 5281-0120; 5281-6150;
Fax: (011-5255) 5281-6154
Contact: Mr. Mark Andersonn, Director

American Chamber of Commerce-AMCHAM

Lucerna No. 78 – 4
06600 Mexico D.F.
Phone: (011-5255) 5724-3800
Fax: (011-5255) 5703-2911
Contact: Christine Hawkins, International Trade and Investment Consulting Director
A non-profit organization that assists U.S. companies with business activities in Mexico.

Animal & Plant Health Inspection Service-APHIS; USDA

Sierra Nevada 115
01100 Mexico D.F.
Phone: (011-5255) 1997-1508
Fax: (011-5255) 19971527
Contact: Dale Maki, Regional Director
E-mail: Dale.Maki@aphis.usda.gov
Office of the USDA providing information on sanitary requirements for U.S. products exported into Mexico.

**Asociación Mexicana de Semilleros, A.C.
(Mexican Seed Association)**

Av. Nuevo León No. 209-601/602
Col. Hipódromo Condesa
06100 Mexico D.F.
Tel: (011-5255) 5516-0957/0293
Fax: (011-5255) 5272-1775
E-mail: amsac@infosel.net.mx
Contact: Ing. Arcadio Lozano, President

**Instituto Nacional de Investigaciones Forestales, Agrícolas Pecuarias-(INIFAP)
(National Institute for Forestry, Agriculture and Livestock Investigations)**

Serapio Rendon No. 83-2
06470 Mexico, D.F.
Tel: (011-5255) 5140-1600, 5140-1649, 5140-1670,
Fax: (011-5255) 5546-6801
Contact: Ing. Arturo Vazquez, Director, Ing. Alonso Piña - alpida@inifap2.inifap.conacyt.mx,
diegob@inifap2.inifap.conacyt.mx

Secretaria de Agricultura, Ganaderia y Desarrollo Rural- Centro de Información y Estadística Agroalimentaria y Pesquera (Ministry of Agriculture, Livestock, Fisheries and Food- Center for Agricultural Statistics)

Benjamin Franklin No. 146-1
11800 Col. Escandon
Mexico D.F.
Tel: (011-5255) 5272-4335, 5271-7711 ext 161 and 162;
Fax: (011-5255) 5515-7329
Contact: Lic. Juan Manuel Galarza Mercado , Director

Secretaria de Agricultura, Ganadería y Desarrollo Rural- Dirección General de Fomento a la Agricultura (Ministry of Agriculture, Livestock, Fisheries and Food- Directorate of Agriculture)

Av. Municipio Libre 377

Col. Santa Cruz Atoyac
03310 Mexico, D.F.
Tel: (011-5255) 9183-1000 ext. 33332, 5255-3555
Fax: (011-5255) 5390-1441

**Secretaria de Economía-Dirección de Normas
(Ministry of Economy-Directorate of Norms)**

Puente de Tecamachalco No. 6
Col. Lomas de Tecamachalco
53950 Edo. Mexico
Tel: (011-5255) 5229-6100 ext. 4137, 5729-9300
www.secofi.gob.mx
Contact: Lic. Jorge Hernández, Dirección de Normas
Office of the Ministry of Industry and Commerce which creates quality and labeling norms.

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(National Inspection and Certification Service for Seeds)**

Av. Presidente Juárez No. 13
Col. El Cortijo, Tlanepantla
Edo. de Mexico
Tel: (011-5255) 5255-3555, 5565-1910 & 5384-2213; Fax: (011-5255) 5390-1441
Contact: Ing. Eduardo Benitez, Director

Texas Seed Trade Association

P.O. Box 906
Brenhan, Texas 77834-0906
Tel: (979) 251-8970;
Fax: (979) 215-8930
E-mail: clseed@phoenix.net
Contact: Charles Leamons

U.S. Grain Council

Jaime Balmes No. 8-201
Col. Los Morales Polanco.
11510 Mexico D.F.
Phone: (011-5255) 5282-0973
Fax: (011-5255) 5282-0968
E-mail: rcelma@grains.org.mx; www.grains.org
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Fax: (011-5255) 5683-9026;
E-mail: semmex@sim.com.mx
Contact: C.P. Pedro Millán Magdalena
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Orizaba No. 195
06700 Mexico D.F
Tel: (011-5255) 5264-0364
Fax: (011-5255) 5264-1425
E-mail: sempapa@mail.internet.com.mx
Contact: Ing. Eduardo Stern Nicolayevsky
Grass Seeds.

Semillas y Agroproductos Monsanto, S. A. de C.V.

Av. Mariano Otero No. 2347-2
44570 Guadalajara, Jal.
Tel: (011-5233) 3678-3300; 3678-3354
Fax: (011-5233) 3678-3381
E-mail: roberto.rangel@monsanto.com
Contact: Ing. Roberto Rangel Peniche
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